

## Message Text

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ACTION EA-12

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R 090728Z AUG 78  
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AMCONSUL PERTH  
AMCONSUL MELBOURNE  
AMEMBASSY PORT MORESBY  
AMEMBASSY SUVA  
AMCONSUL SYDNEY  
AMEMBASSY WELLINGTON  
CINCPAC HONOLULU HI

C O N F I D E N T I A L CANBERRA 6274

E.O. 11652: GDS  
TAGS: PINT, AS  
SUBJ: SENATOR WITHERS SACKING

1. SUMMARY: THE WITHERS AFFAIR WILL NOT BRING DOWN FRASER, ALTHOUGH WITHERS' DISMISSAL, INEVITABLE ONCE THE MCGREGOR ROYAL COMMISSION MADE ITS REPORT, WILL HAVE A DEFINITE POLITICAL COST FOR THE PM. CUMULATIVELY THIS FURTHER DEMONSTRATION OF WHAT WILL BE CONSTRUED AS RUTHLESSNESS BY THE PM WILL NO DOUBT HELP MAKE HIS EVENTUAL DEPARTURE FROM THE POLITICAL SCENE -- WHENEVER IT COMES-- SWIFT AND MERCILESS.

2. THE MCGREGOR ROYAL COMMISSION REPORT, WHICH HAD LED TO THE SACKING BY THE PRIME MINISTER OF MINISTER FOR ADMINISTRATIVE SERVICES AND LEADER IN THE SENATE REG WITHERS, HAD ITS GENESIS IN COMPLAINTS BY A DISGRUNTELED  
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QUEENSLAND LIBERAL BACKBENCHER AND LIBERAL DEPUTY WHIP THAT QUEENSLAND'S LIBERAL MP(AND FEDERAL MINISTER FOR FINANCE) ERIC ROBINSON HAD SOMEHOW JIGGLED THE ELECTORAL BOUNDARIES OF THE DPEUTY WHIP'S SEAT, AND HAD IMPROPERLY GIVEN ADVANCE INFORMATION ON THE GOVERNMENT'S PENDING URANIUM POLICY TO PRIVATE PERSONS WHO USED THAT INFORMATION FOR PERSONAL PROFIT. THE COMMISSION FOUND THAT ROBINSON

HAD NOT ACTED IMPROPERLY, AND HE WAS RESTORED TO FULL CAPACITY AS FINANCE MINISTER BY PM FRASER ON AUGUST 8.

3. SENATOR WITHERS, WHO WAS NOT UNDER INVESTIGATION UNDER THE INITIAL FRAME OF REFERENCE OF THE COMMISSION, WAS LATER MADE SUBJECT TO THE INVESTIGATION BY THE PRIME MINISTER. FRASER HAD INITIALLY SOUGHT TO HAVE THE COMMISSIONER HIMSELF ENLARGE THE SCOPE OF HIS INQUIRY, BUT FAILED; HE WAS THEREFORE FORCED TO ENLARGE THE BASIS OF THE INQUIRY HIMSELF, SUBJECTING HIMSELF TO CRITICISM OF DISLOYALTY.

4. FRASER HIMSELF WAS IMPLICATED, AS ROBINSON'S SWORN TESTIMONY SHOWS THAT FRASER WAS INFORMED BY WITHERS OF THE LATTER'S TELEPHONE INTERVENTION WITH THE ELECTORAL COMMISSION IN ROBINSON'S PRESENCE.

5. ONCE MCGREGOR MADE HIS FINDINGS PUBLIC, IT WAS INEVITABLE THAT WITHERS WOULD HAVE TO GO, PARTICULARLY IN VIEW OF FRASER'S STRONG STAND ON PROBITY IN GOVERNMENT. BUT THE CABINET WAS BY NO MEANS UNANIMOUS ON THE DECISION, AND WE BELIEVE THAT DEPUTY PM DOUG ANTHONY (BY PHONE FROM MANILA), DEPUTY NCP LEADER SINCLAIR, PHIL LNNCY AND PERHAPS TREASURER HOWARD WERE TO GREATER OR LESSER EXTENT OPPOSED.

BC. THE PRE-BUDGET CABINET MEETING ON TUESDAY AUGUST 1  
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PROMISES TO BE STORMY. THERE IS LITTLE QUESTION THAT FRASER WILL REMAIN FIRMLY IN THE SADDLE, BUT THE WITHERS AFFAIR HAS EXACTED A POLITICAL COST, AND IT CAN BE EXPECTED TO ADD TO FRASER'S UNPOPULARITY AND REPUTATION FOR RUTHLESSNESS WITHIN HIS OWN PARTY AND WITHIN THE COALITION.

7. CERTAIN LOCAL ADVOCATES OF THE "DEVIL THEORY" MAINTAIN THAT WITHERS HAS BEEN DOOMED FOR SOME TIME AS HE WAS ONE OF THE KINGMAKERS WHO BROUGHT FRASER TO POWER IN THE LIBERAL PARTY IN 1974, AND A LA MACHIAVELLI, POSED A CONTINUING THREAT TO FRASER AS A POTENTIAL KING-BREAKER. ADDITIONALLY, THIS LINE RUNS, WITHERS WAS TOO STRONG A SUPPORTER OF PHIL LYNCH, WHO FOR SOME REASON KNOWN ONLY TO A FEW INTIMATES OF FRASER HAD ANTAGONIZED THE PM FAR BEYOND THE ALLEGED FINANCIAL DEALINGS FOR WHICH LYNCH WAS LATER EXONERATED AFTER THE DECEMBER 1977 ELECTIONS.

8. AS REPORTED IN REFTTEL, ALP'S LEADER OF THE OPPOSITION BILL HAYDEN WILL TRY TO MAKE AS MUCH AS POSSIBLE OUT OF THE WITHERS AFFAIR, CHARGING GROSS IMPROPRIETY ON THE PART OF THE PRESENT GOVERNMENT. THIS ALONE WILL HAVE LITTLE EFFECT ON FRASER'S FUTURE; THE WAY HE IS AMASSING

ENEMIES, HOWEGER, ENSURES THAT WHEN FRASER STUMBLES  
SERIOUSLY HE MAY BE OVERWHELMED WITHOUT COMPASSION.  
ALSTON

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